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STATE FOR WHA/CAR

E.O. 12958: DECL: 2019/12/16

TAGS: PGOV PREL KDEM XL

SUBJECT: Dominican PM's Boasts of Assistance Refuted by Anguilla and Antigua; Seen as Pre-Election Stumble

DERIVED FROM: DBHardt

Summary

¶1. (C) In what is seen as a significant pre-election mistake, Dominica's Prime Minister Roosevelt Skerrit announced at a political rally that his government had extended USD\$13.5 million in loans to Anguilla and Antigua to help its "downtrodden" fellow members of the Organization of Eastern Caribbean States (OECS). Upon hearing Skerrit's claim, both governments angrily denied receiving any loans from Dominica. Skerrit's claims seem especially dubious, as regional sources tell us he has had to turn to Venezuela for loans to pay his own civil servants for the past three months. Skerrit's unusual boast not only angered his regional counterparts, but also prompted Dominicans to press for wage increases at home if the government has so much money to give away. Either way, it was a misstep in what is shaping up to be a close election.

The Big man on the Block

¶2. (C) At a public rally December 9, PM Skerrit asserted that Dominica's economy was performing so well that the country was financially assisting fellow OECS member-states Antigua and Anguilla. According to a local news report, Skerrit stated: that Dominica was faring better than most because of the strong fiscal policies and prudent management of the country. "Just last week," he continued, "the government of Dominica had to give to the government of Anguilla some \$12 million (\$USD 4.5 million) because things are difficult in Anguilla." Digging his hole deeper, Skerrit continued, stating that "in the month of August of 2009 we gave to Antigua over \$24 million (USD \$9 million) of our money." In an attempt to show the strides Dominica has taken under his rule, Skerrit added that the Caribbean community is "no longer looking down on Dominica," instead, the region was now "looking up to Dominica" and that Dominicans should be "proud."

Antigua and Anguilla Quick to Respond

13. (C) Antigua and Barbuda Minister of Finance Harold Lovell responded the next day to Skerrit's claims, stating that he was not aware of any direct assistance from Dominica. Lovell said that the only assistance his ministry could track down was funding related to the Eastern Caribbean Central Bank's (ECCB) bailout of the Bank of Antigua over the Stanford unraveling. Anguilla went a step further by issuing a press release discounting the Skerrit claim, stating that Skerrit's statements do not "accurately reflect the facts and can be misleading." Anguilla had contacted the ECCB for a short term credit facility in November, but specified that the assistance was not from Dominica.

Astaphan to the Rescue

14. (C) Judith Pestaina, leader of the Freedom Party, called for a public apology from Skerrit for misleading the public. In what has become common practice, Skerrit postponed answering any questions and directed his legal counsel Tony Astaphan to "clarify" the position. Astaphan, in a written article for Dominica News,

claimed that the opposition was just "splitting hairs and saving face" and that Skerrit never mentioned that the money came directly from the Treasury. Skerrit was simply referring to Dominica's unused credit in the Fiscal Facility at the ECCB, he said, that had been extended to both members for the restructuring of a loan and providing a credit extension. Astaphan also went on the offensive against both Antigua and Anguilla, criticizing their poor economic performance and questioning their need to provide a prompt public response.

Reality on the Ground

15. (C) According to Teresa Marshall, Permanent Secretary in the Ministry of Foreign Affairs in Barbados, the situation is much worse than Skerrit acknowledges. For the last three months, Skerrit's treasury has been depleted and he has been forced to rely on Venezuelan loans to pay the salaries of public workers. For their part, Dominica's public workers were quick to pounce on Skerrit's statements to stake a claim for a pay raise. The statement left many Dominican's perplexed, wondering how their government was able to assist wealthier neighbors, given Dominica's own quite apparent financial problems.

Comment

16. (C) Skerrit has long boasted of his success in steering the economic ship of Dominica. The reality is much different, as the country has experienced mild GDP growth coupled with high unemployment. Because of its limited international exposure, the

country has not been hit as hard by the global economic downturn, but they also did not benefit much from the years of economic boom. With elections a week away, the statement was a political stumble. Most Dominicans have already made up their minds on which way to vote, according to observers, so it is hard to say how much this might hurt the PM. But in a close race, shifts of a few votes from voters who may now question Skerrit's credibility could make a difference.

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